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MEMORANDUM

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TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

Arizona Corporation Commission

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DATE October 7, 2003

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RE: IN THE MATTER OF THE APPLICATION OF H2O, INC., AN ARIZONA CORPORATION FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE TO PORTIONS OF MARICOPA COUNTY, DOCKET NO. W-02234A-00-0371, DECISION NO 64062 – REQUEST FOR AN EXTENSION OF TIME TO COMPLY

On September 11, 2003, H2O, Inc., (“H2O” or “Company”) filed a Request for Extension of Time to Comply with the filing requirements of Arizona Corporation Commission (“Commission”) Decision No. 64062 (October 4, 2001). H2O is requesting an additional two years in which to file the required Arizona Department of Water Resources Certificate of Assured Water Supply (“CAWS”). H2O is also requesting an additional two years in which to file the required Arizona Department of Environmental Quality Certificate of Approval to Construct (“CAC”).

In Decision No. 64062, (October 4, 2001) the Commission conditionally authorized H2O to extend its Certificate of Convenience and Necessity (“CC&N”) to include parcels 15, 16, 17, 18, 22 and Section 13 Township 2 South, Range 7 East in Maricopa County. The Commission conditioned its approval of H2O’s CC&N extension on H2O’s filing a copy of the CAWS and CAC within two years from the effective date of the Commission’s Decision.

Decision No. 64062 further required H2O to file, within two years of the effective date of the decision, a request for a Certificate review, after which Staff may perform a physical plant inspection to determine the extent to which development has commenced. (See Finding of Fact 161) The Commission also ordered that in the event H2O did not meet the requirements the conditional CC&N extension would be rendered null and void.

Concurrent with the Request for Extension of Time to Comply H2O has filed supporting documents to demonstrate the Company’s ongoing efforts to comply with the requirements of Decision No. 64062. The Company has provided a copy of a August 28, 2003, ADEQ Compliance Status Report indicating no major deficiencies, no major operation and maintenance deficiencies. The utility has filed a copy of its revised Pinal County Franchise and Maricopa County Franchise inclusive of the expansion areas.

Evidence of the CAWS and CAC for each authorized parcel was provided as follows:

1. Parcel 15, Pecan Ranch, H2O filed the CAWS for Section 29 of Parcel 15. H2O has also provided ADEQ CAC's for the same portion of Parcel 15.
2. Parcel 16, Home Place, H2O has not obtained the CAWS or CAC's for Parcel 16 of the extension area.
3. Parcel 17, Ware Farms, H2O has not obtained the CAWS or CAC's for Parcel 17 of the extension area. The Company asserts the property is being rezoned.
4. Parcel 18, Northeast Quarter of Sec. 33, H2O has not obtained the CAWS or CAC's for Parcel 18 of the extension area.
5. Parcel 22, Circle Cross Ranch, H2O has not obtained the CAWS or CAC's for Parcel 22 of the extension area.
6. Section 13, Meridan Ranch H2O has not obtained the CAWS or CAC's for Section 13 of the extension area. The Company asserts that the development has been delayed due to zoning issues and proximity to Williams Gateway Airport.

H2O is requesting the Commission provide the Company with two additional years in which to demonstrate the need for water service on the subject parcels and comply with Decision No. 64062. The Company has demonstrated it is currently in compliance with ADEQ water quality standards. H2O has obtained the required Pinal and Maricopa County Franchise's for the extension areas. Staff does not oppose H2O's request for an extension of time to comply with Decision No. 64062. However, Staff recommends that the Commission provide H2O no further extensions of time to comply with Decision No. 64062 beyond this time extension.

Originator: Jim Fisher
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SERVICE LIST FOR: H20, INC.

DOCKET NO. W- W-02234A-00-0371

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